

[REDACTED]
Menachem BEGIN
(Phonetic: BAYghin)

ISRAEL

Prime Minister
(since June 1977)

Addressed as:
Mr. Prime Minister



Israel's sixth Prime Minister, Menachem Begin is the first in the history of the state not to be a member of the Labor Party (LP). As such, he may well instigate a major shift in Israeli policies, both foreign and domestic. A highly principled man with strong beliefs.

Begin is regarded as a hardliner on most issues.

[REDACTED] He holds a master's degree in jurisprudence, [REDACTED]

[REDACTED] Since his election, however, a new image of the Prime Minister has begun to emerge in Israel--that of a sober and thoughtful national leader, a man of integrity whose forthrightness could renew Israeli pride and refurbish the country's image abroad.

As the almost undisputed leader of the political right wing, Begin spent 29 years in parliamentary opposition to LP-led governments. He has consistently maintained a strong, even autocratic, control of Herut (Freedom Movement), GAHAL (Herut-Liberal Party alliance) and the Likud bloc (GAHAL and other rightwing groups). Begin is primarily concerned with political issues. Domestic issues, particularly if they involve the economy, have in the past been the concerns of the Liberal Party faction of Likud, and the economic portion of the Likud electoral platform was largely written by the Liberals. Recently Begin has indicated that Minister of Finance Simcha Ehrlich, the leader of the Liberal Party and its key economic policy maker, will have a free hand in such matters and will set the tone, if not the substance, of economic policy.

[REDACTED] (cont.)

[REDACTED] CR M 77-13279

Economy

The Begin government has highly ambitious goals for the economy. The new administration will not continue the Labor Party's socialistic approach toward the economy, which included heavy governmental involvement in that sector. Begin has stated that his government will encourage private enterprise and pursue a liberal laissez-faire economic policy, with governmental guidance only to assure its prosperity. Through a decrease in government expenditures and imports, increases in exports, and real currency devaluations of 5 percent over and above the differential inflation rate, the new government plans to reduce the current balance-of-payments deficit by half--to \$1.5 billion within 5 years. Begin has also said that there will be a concerted effort to increase capital investment from abroad, with special emphasis on the construction of rental housing. The Likud's electoral platform calls for the return to an economic growth rate of 5 to 8 percent, to be achieved mainly through marked increases in productivity. The platform stated that there would be no increase in taxes for at least 2 years and that through wage and price freezes during the same period, inflation could be curbed substantially--it would be gradually cut to 15 percent. Begin has also said that there will be programs to extend educational and housing assistance to large families in an effort to abolish poverty.

With the objective of continuing the present state of full employment, Begin's coalition will, of necessity, be active in labor-government relations. The Prime Minister has promised greater restrictions on the Histadrut, Israel's monolithic trade union, even though the LP alignment maintained its control in that organization's June elections. These restrictions will include compulsory arbitration as a means of curtailing wildcat strikes, which the government feels can have a ruinous effect on the entire economy. Begin has often stated that the Histadrut will have to distinguish between what he calls its positive functions as a trade union and its ownership of commercial enterprises.

The Likud platform proposed that the entire government trading unit in the Ministry of Commerce and Industry be dismantled and its functions be taken over by private and/or cooperative trading firms. If this occurs, it could have marked impact

on US-Israeli trade. Such a change would be particularly obvious in the agricultural realm, where Israel has long been an almost captive market for US exports--because of the established commercial ties between the purchasing mission in New York and its US suppliers, and because of the liberal US export credits.

Foreign Policy

H3 [redacted] He was forced to flee Poland at the outbreak of World War II, having lost his mother, father and brother to the Nazis; and later he was imprisoned for a time in a concentration camp in northern Russia: [redacted]

[redacted] In the mid-1940's Begin was the leader of the Irgun Tsvai Le Umi, a Jewish underground movement that operated in Palestine during the British Mandate. The ideology of the Irgun--that all of Eretz Israel is historically and biblically the rightful homeland of the Jewish people--is projected in Begin's strong stand on that issue today.

Begin has consistently stated that he opposes withdrawal from the West Bank and Gaza or any return to the borders that existed before the 1967 Arab-Israeli war, though he has left open the possibility of minor concessions on the Golan Heights and in the Sinai. He says that his government will encourage settlements on the West Bank--lands he considers to have been liberated rather than occupied by the Israelis in the 1967 war. He also considers the area to be of strategic importance to national security. Begin is opposed to the creation of a Palestinian state and to any negotiations with the Palestine Liberation Organization. Instead, he favors direct negotiations with the Arab states and has recently said that Israel is prepared to attend a reconvened Middle East peace conference in Geneva in the fall. Although his stated West Bank policy seems to impose a condition, he has said that all participants should come to Geneva without prior conditions and that all issues are negotiable.

[REDACTED]

Begin believes that face-to-face meetings with world leaders can bring about changes in their approaches to complex and seemingly intractable international problems. In line with this belief, he says that the United States and Israel can come to an understanding on the Arab question and continue their long history of good relations, a fundamental objective of Israeli foreign policy. He has been openly supportive of President Jimmy Carter's policy on human rights and considers this country the leader of the free world. Appreciative of US economic and military aid, he nonetheless feels that US-Israeli relations are based on the mutual needs and interests of not just one but both nations.

[REDACTED]

[REDACTED]

[REDACTED]

Begin is rarely if ever addressed by his first name. He speaks English, French, German, Polish and Russian.

7 July 1977